

Message Text

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ACTION EA-09

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C O N F I D E N T I A L MANILA 9941

E.O. 11652: GDS

TAGS: ETRD RP JA

SUBJECT: GOP GIVES NOTICE OF TERMINATION OF RP/JAPANESE
ECONOMIC TREATY

1. GOP HAS INFORMED JAPANESE EMBASSY OF ITS DECISION TO
TERMINATE THE PHILIPPINE/JAPANESE TREATY OF AMITY, COMMERCE
AND NAVIGATION. NOTIFICATION WAS MADE BY MEANS OF FIRST
PERSON NOTE DATED JUNE 25 SIGNED BY SECRETARY ROMULO. THE
ACN TREATY WAS SIGNED IN 1960 BUT WAS NOT RATIFIED UNTIL
DECEMBER 27, 1973 BY THE GOP BECAUSE OF STRONG NATIONALISTIC
AND ANTI-JAPANESE SENTIMENT IN THE PRE-MARTIAL LAW DAYS.

2. GOP NOTE OBSERVES THAT THERE HAS BEEN A SIGNIFICANT
INCREASE IN JAPANESE/PHILIPPINE TRADE DURING THE PAST TWO
YEARS WHEN THE TREATY WAS IN FORCE, BUT AT THE SAME TIME
THERE HAVE BEEN IMPORTANT ECONOMIC DEVELOPMENTS (NOT
SPELLED OUT) WHICH RENDER IT NECESSARY TO REVIEW THE TERMS
AND CONDUCT OF BILATERAL ECONOMIC AND COMMERCIAL RELATIONS.
NOTE CONTINUESBY CITING FACT TREATY WAS CONCLUDED 16 YEARS
AGO AND COVERS BROAD AND VITAL MATTERS, AND CONCLUDES THERE
IS NOW A NEED TO FORGE NEW INSTRUMENTS WHICH "TAKE INTO
ACCOUNT CONTEMPORARY CONDITIONS." AFTER FORMALLY GIVING
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NOTICE IN ACCORDANCE WITH SECTION IX OF THE TREATY, THE

GOP THEN PROPOSED EARLY CONSULTATIONS TO CONSIDER THE CONCLUSION OF "APPROPRIATE INSTRUMENTS" (NOTE PLURAL) TO REPLACE THE PRESENT ACN TREATY.

3. FOREGOING WAS PROVIDED BY JAPANESE EMBOFFS SUGIYAMA AND HATTORI DURING CALL JULY 8 ON E/C COUNSELOR AND COMMATT. THEY WERE INTRESTED IN CURRENT STATUS OF US/RP NEGOTIATIONS FOR SUCCESSOR AGREEMENT TO LAUREL-LANGLEY, AND ALSO STATED THAT THEY UNDERSTOOD, SPECIFICALLY FROM BOI CHAIRMAN PATERNO, THAT THERE WAS SOME CONNECTION BETWEEN JAPANESE ACN AND PROPOSED TREATY WITH U.S.

4. WE SPECULATED TO JAPANESE THAT GOP PROBABLY FELT ACN TREATY WAS TOO ADVANTAGEOUS TO JAPAN AND WANTED TO REPLACE IT WITH ONE OR MORE AGREEMENTS WHICH WERE TILTED TOWARDS PHILIPPINE INTERESTS. THIS ATTITUDE PROBABLY REFLECTED THE NEW GOP LEANINGS TOWARD A MORE NATIONALISTIC AND GROUP OF 77 ORIENTATION. IT MIGHT ALSO BE TRIGGERED BY FACT THAT TWICE WITHIN PAST 12 MONTHS GOJ HAD RELIED ON SHIPPING PROVISIONS OF ACN TO PROTEST AGAINST GOP SHIPPING DISCRIMINATION IN PD 667 IN 1975 AND NOW PD 894 IN 1976.

5. JAPANESE EMBOFFS STATED THAT GOJ WAS INTERESTED IN SUCCESSOR AGREEMENTS SO THAT THERE BE NO LAPSE IN FORMAL FRAMEWORK OF ECONOMIC RELATIONS AFTER EXPIRATION OF ACN. JAPANESE INVESTMENTS WOULD PROBABLY DROP OFF IN THE ABSENCE OF ANY FORMAL FRAMEWORK, AND THIS FEAR HAS BEEN EXPRESSED BY PATERNO HIMSELF. HOWEVER, NEDA DIRECTOR-GENERAL SICAT AND FINANCE SECRETARY VIRATA DID NOT APPEAR TO BE CONCERNED OVER THIS POSSIBILITY ACCORDING TO THE JAPANESE.

6. JAPANESE EMBASSY HAD NO INDICATION THAT GOP WAS GOING TO DENOUNCE THE TREATY, AND THE GOP NOTE WAS SIMPLE DELIVERED BY MESSENGER (CURIOSLY ENOUGH, TO THE HOME OF AN EMBASSY OFFICER ON A SATURDAY). JAPANESE DCM, COUNSELOR KATAYAMA, HAS CALLED ON SECRETARY ROMULO BUT WAS NOT ABLE TO OBTAIN ANY FURTHER EXPLANATION AS ROMULO SIMPLY STUCK TO THE CONTENTS OF HIS NOTE. JAPANESE EMBOFFS COMMENTED THAT GOJ WAS LIKELY TO BE SOMEWAHT PUT OFF BY THE OFF-HAND, INDEED ALMOST CAVALIER, MANNER EMPLOYED BY CONFIDENTIAL

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THE GOP IN GIVING ABROGATION NOTICE. THEY INDICATED THAT THE LEAST THEY EXPECTED WAS TO HAVE BEEN CALLED IN TO BE HANDED NOTE IN PERSON TOGETHER WITH EXPLANATION.

7. COMMENT: WE ARE AS MUCH IN DARK AS TO REASON FOR CANCELLATION AS THE JAPANESE. HOWEVER, WE BELIEVE IT UNLIKELY THAT CANCELLATION WAS DIRECTLY RELATED TO OR INSPIRED BY RP ECONOMIC NEGOTIATIONS WITH U.S. LYV FL

DO WE THINK CANCELLATION WAS RESULT OF ANY PARTICULAR DETERMINATION ON PART OF GOP TO STANDARDIZE ITS TRADE AND INVESTMENT AGREEMENTS. GOP CAN LIVE WITH DIVERSITY IF IT BENEFITS THEREBY. RATHER WE THINK CANCELLATION IS RESULT OF GENERAL DISSATISFACTION WITH AGREEMENT AND PHILIPPINE BELIEF THEY CAN NEGOTIATE BETTER TERMS. AS SOMETIMES HAPPENS, GOP ADDED INSULT TO INJURY BY INSENSITIVE WAY

THEY HANDLED CANCELLATION. JAPANESE EMBASSY OFFICERS WERE CLEARLY PUZZLED AND SEARCHING MANFULLY FOR AN UNDERLYING AND PERHAPS SINISTER PURPOSE. WE ARE NOT INCLINED TO READ TOO MUCH INTO THIS GOP ACTION, ALTHOUGH GOP WOULD HAVE BEEN WELL ADVISED TO HAVE HANDLED MATTER IN MANNER MORE SOOTHING TO JAPANESE SENSITIVITIES.
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